MINUTES
STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
BUDGET & FINANCE COMMITTEE
FLORIDA GULF COAST UNIVERSITY
September 3, 2026

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https://thefloridachannel.org/videos/9-3-26-florida-board-of-governors-meeting/

1. Call to Order and Opening Remarks.

Mr. Tim Cerio, Chair, convened the Budget and Finance Committee meeting at 8:59 a.m. on September 3, 2026. Members present for the roll call were Chair Cerio, Ken Jones, Douglas Broxson, Kimberly Dunn, Aubrey Edge, Alan Levine, Craig Mateer, Michael Okaty, Ian Seibert, and Nick Sinatra.

2. Minutes of Committee Meeting

Mr. Cerio introduced the first item of business, to approve the minutes of the Budget and Finance Workshop and Committee meeting held on June 25, 2026.

Mr. Jones moved that the committee approve the June 25, 2026, meeting minutes. Mr. Sinatra seconded the motion, and members of the committee concurred.

3. Notice of Intent to Amend Regulation 7.001, Tuition and Associated Fees

Mr. Cerio introduced the next item of business, to approve the Public Notice of Intent to Amend Board of Governors Regulation 7.001, Tuition and Associated Fees. He then gave Sarah deNagy the floor to present the changes to the regulation.

Ms. deNagy presented the proposed amendment to the regulation. The amendment aligns with House Bill 5601E, passed by the Legislature and approved by the Governor on June 29, 2026. The amendment allows the Board of Governors to withhold approval of out-of-state fee increases if the State University System is out of compliance with the systemwide limitation on enrollment of nonresident undergraduate students pursuant to Board Regulation 7.006. The amendment also requires each university to include enrollment projections for the upcoming academic year in its accountability plan. Each university must annually update its accountability plan with the actual percentage of nonresident undergraduate degree-seeking students enrolled during the prior year. If, in any given year, the Board determines a university has enrolled a greater percentage of such students than projected, the Board will require corrective action, including but not limited to a revision to the university's accountability plan, an enrollment reduction plan, or a reduction of such a university's undergraduate out-of-state fee.

Ms. deNagy concluded her presentation on Board of Governors Regulation 7.001, Tuition and Associated Fees.

Mr. Cerio asked if there were any further comments; seeing none, he asked for a motion to approve the Public Notice of Intent to Amend Regulation 7.001, Tuition and Associated Fees.

Mr. Levine moved to approve the Public Notice of Intent to Amend Board of Governors Regulation 7.001, Tuition and Associated Fees. Mr. Jones seconded the motion, and members of the committee concurred.

4. Discussion on Undergraduate Enrollment and Academic Profiles

Mr. Cerio introduced the next item of business, a discussion on undergraduate enrollment and academic profiles, and invited comments from Board members, university Board of Trustees chairs, or university presidents.

Mr. Cerio recognized the University of Florida Board of Trustees Chair Hosseini, who expressed concerns about the legislation's potential effects on universities and requested that the matter be addressed at the upcoming workshop.

Mr. Cerio recognized Florida Atlantic University President Hasner, who expressed support for Chair Hosseini's comments and discussed the distinctions among university applications, admissions, and enrollment, noting that universities cannot control whether admitted students ultimately enroll.

Mr. Cerio recognized Mr. Levine, who stated that the Board should take a position on the matter and maintain flexibility to make policy decisions based on the goals and circumstances of each institution. He encouraged Board members to engage with the universities regarding the potential effects of the matter.

Mr. Cerio recognized University of South Florida President Limayem, who discussed the financial considerations associated with out-of-state enrollment and the additional resources generated through tuition differentials.

Mr. Cerio recognized the Florida State University Board of Trustees Chair Collins, who agreed with Chair Hosseini that House Bill 1279 is problematic because it lacks enforceability with respect to out-of-state limits and does not provide a level playing field for in-state students.

The Board and university representatives continued discussion regarding undergraduate enrollment, admissions, out-of-state enrollment, and the potential effects of the legislation. The discussion also addressed potential actions and considerations for the Board in responding to the matter, as well as the importance of engaging with university representatives to better understand each institution's goals and circumstances.

Mr. Cerio recognized Mr. Levine, who emphasized the Board's responsibility to listen to and understand the universities' concerns and stated that the Board stands ready to work in partnership with the Legislature and the Governor to address the issues.

Mr. Cerio concluded the discussion.

5. Notice of Intent to Amend Regulation 9.013, Auxiliary Operations

Mr. Cerio introduced the next item of business, approval of the Public Notice of Intent to Amend Board of Governors Regulation 9.013, Auxiliary Operations. He then asked Ms. deNagy to present the proposed amendment to the regulation.

Ms. deNagy presented the amendment to the regulation. The amendment aligns with House Bill 5003E, passed by the Legislature and approved by the Governor on June 29, 2026. The proposed amendment allows each university's board of trustees to decide whether its auxiliary services will operate on a self-supporting basis individually or collectively, including intercollegiate athletics. The amendment also authorizes a university Board of Trustees to approve the transfer of unreserved cash between auxiliary enterprises, provided the transfer does not reduce revenues needed to cover expenditures, violate bond covenants, or affect debt service payments or required reserves. The board will continue to collect reports on these auxiliary transfers.

In addition, the regulation is being amended to require Board of Trustees approval and Board of Governors confirmation for certain agreements between an entity and a university, a University Athletic Department, or a University Athletic Direct-Support Organization by and through which the entity provides up-front capital in exchange for a share of future University Athletic Program revenue or control over University Athletic Program operations.

Ms. deNagy concluded her presentation on Board of Governors Regulation 9.013, Auxiliary Operations.

Mr. Cerio asked if there were any comments. Ms. Dunn asked whether there are any restrictions on what universities can transfer to athletics, and whether they can increase fees, such as housing fees, to redirect funds to athletics.

Mr. Cerio directed the question to Ms. deNagy, who explained that fee increases remain subject to the applicable approval processes and that, with respect to transfers, an auxiliary must remain fully funded before any remaining funds may be transferred.

Mr. Levine provided a more specific explanation, stating that if a Board of Trustees has the authority to raise fees, it must follow the applicable process. He further stated that the statute contains no prohibition preventing a university from subsequently transferring funds from auxiliaries to athletics.

Ms. Dunn asked whether this would allow housing fees to be increased and the resulting funds to be transferred to athletics.

Mr. Levine stated that he was unaware of any provision prohibiting increases in auxiliary fees. Mr. Levine added that he hoped each university's board of trustees would understand that increasing fees for the purpose of transferring the funds to athletics would not be the intent of the Legislature.

Ms. Dunn stated that she trusts that each university's Board of Trustees will make a good judgment in this matter. She nevertheless expressed concern that the change could allow athletics costs to be passed on to students and their parents.

Mr. Cerio asked if there were any further questions or comments; seeing none, he asked for a motion to approve the Public Notice of Intent to Amend Regulation 9.013, Auxiliary Operations.

Mr. Jones moved to approve the Public Notice of Intent to Amend Board of Governors Regulation 9.013, Auxiliary Operations. Mr. Sinatra seconded the motion, and members of the committee concurred.

6. Notice of Intent to Amend Board of Governors Regulation 18.001, Procurement

Mr. Cerio introduced the next item of business, approval of the Public Notice of Intent to Amend Board of Governors Regulation 18.001, Procurement. He then asked Ms. deNagy to present the proposed amendment to the regulation.

Ms. deNagy presented the proposed amendment to the regulation. Regulation 18.001 is being amended to address evolving procurement needs and provide universities with greater flexibility in certain circumstances. The revisions include updates related to procurement processes, purchasing options, and exemptions.

Ms. deNagy concluded her presentation on Board of Governors Regulation 18.001, Procurement.

Mr. Cerio asked if there were any further comments; seeing none, he asked for a motion to approve the Public Notice of Intent to Amend Regulation 18.001, Procurement.

Mr. Jones moved to approve the Public Notice of Intent to Amend Board of Governors Regulation 18.001, Procurement. Mr. Okaty seconded the motion, and members of the committee concurred.

7. Statement on Intercollegiate Athletics and Recommendations from the Task Force on Intercollegiate Athletics

Mr. Cerio introduced the next item of business, a statement on intercollegiate athletics. He then asked Mr. Jones to provide a few comments on the task force and the proposed statement.

Mr. Jones began presenting the statement on intercollegiate athletics and provided an overview of the work of the Task Force on Intercollegiate Athletics. He noted that the Task Force met three times during the year and included the Board of Governors, Board of Trustees chairs, athletic directors, and representatives from athletic departments. He emphasized the importance of navigating the changing landscape of intercollegiate athletics while maintaining education as the top priority. He summarized the Task Force's discussions with subject matter experts and its consideration of challenges and experiences across the university system. He noted the discussions resulted in several recommendations, which the Task Force considered during subsequent meetings. Mr. Jones stated that the Task Force agreed that the Board of Governors could adopt a statement articulating the importance of intercollegiate athletics to the State University System. He then invited Ms. deNagy to provide a brief overview of the statement.

Ms. deNagy provided an overview of the proposed statement, which emphasizes the role of intercollegiate athletics in supporting the State University System's educational mission through university visibility, alumni engagement, and student opportunities. She noted the importance of balancing athletic success with academic achievement and maintaining a competitive and sustainable framework as college athletics continue to evolve. The statement also recognizes the challenges presented by the changing regulatory and legal environment and the need for clear guidance, coordination, and long-term planning.

Mr. Jones turned the discussion over to Florida State University Board of Trustees Chair Collins, who commended the Board of Governors for establishing the Task Force on Intercollegiate Athletics and emphasized the importance of working with the universities. Chair Collins also discussed matters related to athletics funding and current federal and state legislative efforts concerning intercollegiate athletics.

Mr. Jones provided additional context regarding the evolving legislative and regulatory environment and emphasized the need for the Board to remain flexible as the landscape continues to change. He then reviewed the Task Force's six recommendations, which addressed antitrust protections, an interstate compact, financial literacy, long-term management of certain name, image, and likeness (NIL) earnings with an athlete's consent, financial protection for universities, and agent regulation.

Mr. Cerio asked whether Ms. deNagy had any additional information to provide. Ms. deNagy stated that she did not have any additional information but noted that the Task Force received feedback on the recommendation to establish a verified agent registration system with filing fees. The suggested revision was to specify that the filing fees are minimal. A discussion was held regarding the proposed revision.

Mr. Jones asked if anyone had any comments or suggestions. No additional comments or suggestions were offered.

Mr. Levine moved to adopt the recommendations, with the addition of the phrase "commercially reasonable" regarding the fees. Mr. Sinatra seconded the motion, and members of the committee concurred.

Mr. Cerio asked Mr. Jones if he had any other comments on the Statement on Intercollegiate Athletics. Mr. Jones stated that he did not have any additional comments.

Mr. Jones moved to approve the Statement on Intercollegiate Athletics. Mr. Sinatra seconded the motion, and the members of the committee concurred.

8. 2026-2027 State University System Operating Budgets

Mr. Cerio introduced the next item of business, the 2026-2027 State University System Operating Budgets. He explained that Board Regulation 9.007 requires the Board to approve the operating budgets annually, noted that the budgets had been approved by the respective boards of trustees, and emphasized that the Board of Governors reviews the budgets at a systemwide, high level. He also noted that university boards of trustees and presidents remain responsible for monitoring and managing their budgets. Mr. Cerio then asked Ms. deNagy to provide an overview of the operating budgets.

Ms. deNagy provided an overview of the State University System Operating Budgets and explained that they consist of five budget entities: Education and General, Contracts and Grants, Auxiliary Enterprises, Local Funds, and Faculty Practice Plans. Ms. deNagy noted that a detailed description of each of these entities can be found in the meeting materials. She reported that the State University System Operating Budget reflected approximately $21.1 billion in projected revenues, $18.3 billion in expenditures, and an ending fund balance of $5.6 billion, with additional university-level detail provided in the meeting materials. She stated that Board staff had reviewed the budgets for compliance with applicable statutes and Board regulations and identified no issues.

Mr. Cerio asked if there were any further questions or comments; seeing none, he asked for a motion to approve the 2026-2027 State University System Operating Budgets.

Mr. Levine moved to approve the 2026-2027 State University System Operating Budgets. Mr. Okaty seconded the motion, and members of the committee concurred.

9. 2027-2028 State University System Legislative Budget Request

Mr. Cerio introduced the next item of business, the 2027-2028 State University System Legislative Budget Request, which must be submitted to the Legislature and the Governor by October 15 in preparation for the 2027 Session. He then asked Ms. deNagy to present the Legislative Budget Request.

Ms. deNagy gave a presentation outlining the 2027-2028 Legislative Budget Request for the State University System. Ms. deNagy explained that, with a new Governor, Senate President, and Speaker of the House expected to take office in the coming months, the recommended Legislative Budget Request priorities align with the

Board's priorities. She identified Performance-Based Funding as the Board's top priority, with a recommended investment of $350 million, followed by $125 million in Preeminence funding for the five preeminent universities. Additional recommendations included continued funding for the Guardian Program, funding for UF/IFAS workload, and funding for statutorily required State Fire Marshal inspections. Individual university budget priorities were included in the meeting materials.

Mr. Cerio asked if there were any further questions or comments; seeing none, he asked for a motion to approve the 2027-2028 State University System Legislative Budget Request as presented and to authorize the Chancellor to make any necessary technical adjustments.

Mr. Jones moved to approve the 2027-2028 State University System Legislative Budget Request and to authorize the Chancellor to make any necessary technical adjustments. Mr. Broxson seconded the motion, and members of the committee concurred.

10. 2027-2028 Board General Office Legislative Budget Request

Mr. Cerio introduced the next item of business, the 2027-2028 Board General Office Legislative Budget Request. He then asked Ms. deNagy to present this item to the committee.

Ms. deNagy stated that the Board Office was requesting $1 million in recurring General Revenue for litigation expenses, thereby increasing the Board Office's total budget to $13.3 million.

Mr. Cerio asked if there were any further questions or comments; seeing none, he asked for a motion to approve the 2027-2028 Board General Office Legislative Budget Request and to authorize the Chancellor to make any necessary technical adjustments.

Mr. Broxson moved to approve the 2027-2028 Board General Office Legislative Budget Request and to authorize the Chancellor to make any necessary technical adjustments. Mr. Sinatra seconded the motion, and members of the committee concurred.

11. Performance-Based Funding Discussion and Notice of Intent to Amend Regulation 5.001, Performance-Based Funding

Mr. Cerio introduced the next items of business, Performance-Based Funding Discussion and Notice of Intent to Amend Regulation 5.001, Performance-Based Funding. He stated that these last two items will be taken up together and asked the Chancellor if he had any comments.

Chancellor Rodrigues provided an overview of the work to update the Performance-Based Funding model to align with the SUS 30 Strategic Plan. He explained that the proposed model was tested concurrently with the existing model and that staff considered feedback from the universities when reviewing the results. While the revised model achieved its goal of creating additional opportunities for improvement across the system, further analysis identified concerns about increased variability among institutions and about the model's overall stability and sustainability.

Chancellor Rodrigues recommended continuing with the current Performance-Based Funding model with targeted modifications to reflect recent legislative changes and the addition of a new Metric 10 aligned with the SUS 30 Strategic Plan. He explained that this approach, referred to as “PBF 1.5,” would provide a more limited transition while allowing staff to continue developing the long-term model and its goals and metrics. He emphasized the importance of maintaining a stable and sustainable Performance-Based Funding model that the universities and the Board have confidence in.

Mr. Levine stated that, if the Board approved the recommendation, he would work with the Chancellor to meet with the incoming Governor and legislative leadership to discuss the proposed approach and obtain their input. He emphasized the importance of consulting with state leadership to develop a model with broad support.

Mr. Cerio then asked Ms. deNagy to present the staff recommendations. Ms. deNagy discussed an issue identified during the development of PBF 1.5 regarding students who transfer between State University System institutions. She explained that, under the current model, the sending institution may be negatively affected in graduation and retention metrics when a student transfers to another institution within the System. She recommended removing SUS transfer students from Metrics 4 and 5 and tracking a new metric measuring the four-year graduation rate of SUS transfer students, with accountability assigned to the receiving institution. She recommended monitoring the new metric through accountability plans over the coming year, allowing the Board to evaluate the results and determine whether to incorporate it into the Performance-Based Funding model for 2028. She noted that this was one component of the broader discussion and that a vote was not required until November.

Florida Atlantic University President Hasner expressed appreciation for continuing the dialogue to develop an appropriate approach and stated that institutions should not be penalized when a student transfers to another SUS institution for financial reasons or to continue succeeding academically.

Ms. deNagy discussed the next staff recommendation, which had been considered during the previous day’s market tuition rate workshop. She explained that the recommendation would remove market tuition rate programs from Metric 8, which measures graduate degrees and programs of strategic emphasis. She noted that the Programs of Strategic Emphasis metric was not intended to include market tuition rate programs and that the change could negatively affect institutional scores. She recommended normalizing Metric 8 in the following year if the change is implemented.

Ms. deNagy discussed Metric 10, the Board of Trustees’ choice metric, and noted that each university’s Board of Trustees had approved choice metrics that the Board subsequently approved for inclusion in the proposed PBF 2.0 model. She recommended implementing the approved choice metrics as part of PBF 1.5 and noted that staff had been working with the universities on the metrics. She stated that additional adjustments could be considered prior to the final vote in November. Staff also recommended allowing the internship measure to use either the percentage or the number of participating students within Metric 10. Ms. deNagy concluded her presentation.

Mr. Cerio introduced the proposed changes to Metrics 4 and 7, noting that the changes are required by statute and that a proposed amendment to Regulation 5.001 addresses them. He then invited Ms. deNagy to present the item to the Committee.

Ms. deNagy explained that the proposed changes to Metrics 4 and 7 were required by recently enacted legislation amending Section 1001.92 of the Florida Statutes. For Metric 4, the changes would allow an additional term for engineering students to graduate within the four-year graduation metric and exclude students participating in cooperative education programs. For Metric 7, the measured population would be revised to include only first-year undergraduate students receiving a Pell Grant. She noted that the changes were not expected to negatively impact institutional scores but recommended allowing normalization as needed in the following year. She stated that the proposed amendment to Regulation 5.001 would align it with the new statute.

Mr. Cerio asked if there were any further questions or comments; seeing none, he asked for a motion to approve the Public Notice of Intent to Amend Regulation 5.001, Performance-Based Funding.

Mr. Okaty moved to approve the Public Notice of Intent to Amend Board of Governors Regulation 5.001, Performance-Based Funding. Mr. Jones seconded the motion, and members of the committee concurred.

12. Concluding Remarks and Adjournment

Mr. Cerio asked the Committee if there was any further business; seeing none, he adjourned the meeting at 10:22 a.m.

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Tim Cerio, Chair

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Chrissy Rojas, Prepared Minutes